WR Grace

SR00000872

Bankruptcy Form 10

Index Sheet

Claim Number: 00015375

Receive Date: 03/26/2004

Multiple Claim Reference

Claim Number	☐	MMPOC	Medical Monitoring Claim Form
	☐	PDPOC	Property Damage
	☐	NAPO	Non-Asbestos Claim Form
	☐		Amended
Claim Number	☐	MMPOC	Medical Monitoring Claim Form
	☐	PDPOC	Property Damage
	☐	NAPO	Non-Asbestos Claim Form
	☐		Amended

Attorney Information

Firm Number: 00427

Firm Name: Wilson Elser Moskowitz Edelman & Dicker LLP

Attorney Number: 00312

Attorney Name: Mark G Ledwin

Zip Code: 10604

Cover Letter Location Number: SR00000872

Attachments Medical Monitoring	Attachments Property Damage	Non-Asbestos
☐ TBD	☐ TBD	☐ Other Attachments
☐ TBD	☐ TBD	
☐ TBD	☐ TBD	
☐ TBD	☐ TBD	
☐ TBD	☐ TBD	
	☐ Other Attachments	

Other

☐ Non-Standard Form

☐ Amended

☐ Post-Deadline Postmark Date

UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF Delaware

GRACE NON-ASBESTOS PROOF OF CLAIM FORM

Name of Debtor:[1] W.R. GRACE & CO., et al.

Case Number 01-01139

NOTE: Do not use this form to assert an Asbestos Personal Injury Claim, a Settled Asbestos Claim or a Zonolite Attic Insulation Claim. Those claims will be subject to a separate claims submission process. This form should also not be used to file a claim for an Asbestos Property Damage Claim or Medical Monitoring Claim. A specialized proof of claim form for each of these claims should be filed.

Name of Creditor (The person or other entity to whom the Debtor owes money or property):

Royal Indemnity Company

Name and address where notices should be sent:

See Attached Addendum

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars

☐ Check box if you have never received any notices from the bankruptcy court in this case

☐ Check box if the address differs from the address on the envelope sent to you by the court

THIS SPACE IS FOR COURT USE ONLY

Account or other number by which creditor identifies Debtor:

Check here ☐ replaces
if this claim ☐ amends a previously filed claim, dated ___

Corporate Name, Common Name, and/or d/b/a name of specific Debtor against whom the claim is asserted:

W.R. Grace & Co.,- Conn.

1. Basis for Claim

☐ Goods sold
☐ Services performed
☐ Environmental liability
☐ Money loaned
☐ Non-asbestos personal injury/wrongful death
☐ Taxes
☒ Other See Attached

☐ Retiree benefits as defined in 11 U.S.C. § 1114(a)
☐ Wages, salaries, and compensation (fill out below)

Your SS # _____
Unpaid compensation for services performed
from _____ to _____ (date)

2. Date debt was incurred: 1/9/95

3. If court judgment, date obtained:

4. Total Amount of Claim at Time Case Filed: $ 6,000,000.00

If all or part of your claim is secured or entitled to priority, also complete Item 5 below

☐ Check this box if claim includes interest or other charges in addition to the principal amount of the claim. Attach itemized statement of all interest or additional charges

5. Classification of Claim. Under the Bankruptcy Code all claims are classified as one or more of the following: (1) Unsecured Nonpriority, (2) Unsecured Priority, (3) Secured. It is possible for part of a claim to be in one category and part in another. CHECK THE APPROPRIATE BOX OR BOXES that best describe your claim and STATE THE AMOUNT OF THE CLAIM AT TIME CASE FILED.

☐ SECURED CLAIM (check this box if your claim is secured by collateral, including a right of setoff)

Brief Description of Collateral.

☐ Real Estate ☐ Other (Describe briefly)

Amount of arrearage and other charges at time case filed included in secured claim above, if any $____

Attach evidence of perfection of security interest

☒ UNSECURED NONPRIORITY CLAIM

A claim is unsecured if there is no collateral or lien on property of the debtor securing the claim or to the extent that the value of such property is less than the amount of the claim.

☐ UNSECURED PRIORITY CLAIM - Specify the priority of the claim.

☐ Wages, salaries, or commissions (up to $4650), earned not more than 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).

☐ Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4).

☐ Taxes or penalties of governmental units - 11 U.S.C. § 507(a)(7).

☐ Other - Specify applicable paragraph of 11 U.S.C. § 507(a(_____)

6. Credits: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim.

7. Supporting Documents: *Attach copies of supporting documents,* such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, mortgages, security agreements and evidence of perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary.

8. Acknowledgement: Upon receipt and processing of this Proof of Claim, you will receive an acknowledgement card indicating the date of filing and your unique claim number. If you want a file stamped copy of the Proof of Claim form itself, enclose a self addressed envelope and copy of this proof of claim form.

This Space is for Court Use Only

Date 3/25/04

Sign and print or type name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):

Mark G. Ledwin, Esq.

WR Grace BF.51.203.10148
00015375
SR=872

REC'D MAR 26 2004

[1] See General Instructions and Claims Bar Date Notice and its exhibits for names of all Debtors and "other names" used by the Debtors.

SPECIFIC INSTRUCTIONS FOR COMPLETING
GRACE NON-ASBESTOS PROOF OF CLAIM FORMS

The instructions and definitions below are general explanations of the law. In particular types of cases or circumstances, there may be exceptions to these general rules.

This Proof of Claim form is for Creditors who have **Non-Asbestos Claims** against any of the Debtors. **Non-Asbestos Claims** are any claims against the Debtors as of a time immediately preceding the commencement of the Chapter 11 cases on April 2, 2001 other than Asbestos Personal Injury Claims, Asbestos Property Damage Claims, Zonolite Attic Insulation Claims, Settled Asbestos Claims or Medical Monitoring Claims, as defined on the enclosed General Instructions. More specifically, **Non-Asbestos Claims** are those claims against one or more of the Debtors, whether in the nature of or sounding in tort, contract, warranty or any other theory of law or equity for, relating to or arising by reason of, directly or indirectly, any injury, damage or economic loss caused or allegedly caused directly or indirectly by any of the Debtors or any products or materials manufactured, sold, supplied, produced, specified, selected, distributed or in any way marketed by one or more of the Debtors and arising or allegedly arising directly or indirectly, from acts or omissions of one or more of the Debtors, including, but not limited to, all claims, debts, obligations or liabilities for compensatory and punitive damages.

Administrative Expenses: Those claims for, among other things, the actual, necessary costs and expenses of preserving the estate as defined in Section 503 of the Bankruptcy Code that arose after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to Section 503 of the Bankruptcy Code. This form should not be used to make a claim for an administrative expense.

Secured Claim: A claim is a secured claim to the extent that the creditor has a lien on property of the debtor (collateral) that gives the creditor the right to be paid from that property before creditors who do not have liens on the property. Examples of liens are a mortgage on real estate and a security interest in a car, truck, boat, television set, or other item of property. A lien may have been obtained through a court proceeding before the bankruptcy case began; in some states a court judgment is a lien. In addition, to the extent a creditor also owes money to the debtor (has a right to setoff), the creditor's claim may be a secured claim. (See also Unsecured Claim.)

Unsecured Claim: If a claim is not a secured claim, it is an unsecured claim. Unsecured claims are those claims for which a creditor has no lien on the debtor's property or the property on which a creditor has a lien is not worth enough to pay the creditor in full.

Unsecured Nonpriority Claim: Certain types of unsecured claims are given priority, so they are to be paid in bankruptcy cases before most other unsecured claims (if there is sufficient money or property available to pay these claims). The most common types of priority claims are listed on the proof of claim form. Unsecured claims that are not specifically given priority status by the bankruptcy laws are classified as Unsecured Nonpriority Claims.

Information about Creditor: Complete this section giving the name, address, and telephone number of the creditor to whom the debtor owes money or property, and the debtor's account number, if any. If anyone else has already filed a proof of claim relating to this debt, if you never received notices from the court which sent notice, or if this proof of claim replaces or amends a proof of claim that was already filed, check the appropriate box on the form.

1. **Basis for Claim**: Check the type of debt for which the proof of claim is being filed. If the type of debt is not listed, check "Other" and briefly describe the type of debt. If you were an employee of the debtor, fill in your social security number and the dates of work for which you were not paid.

2. **Date Debt Incurred:** Fill in the date the debt was first owed by the debtor.

3. **Court Judgments:** If you have a court judgment for this debt, state the date the court entered the judgment.

4. **Amount of Claim:** Insert the amount of claim at the time the case was filed in the appropriate box based on your selected Classification of Claim in item 5. If interest or other charges in addition to the principal amount of the claim are included, check the appropriate place on the form and attach an itemization of the interest and charges.

5. **Classification of Claim:** Check either Secured, Unsecured Nonpriority or Unsecured Priority as appropriate. (See Definitions above.)

   Unsecured Priority Claim: Check the appropriate place if you have an unsecured priority claim, and state the amount entitled to priority. (See Definitions, above). A claim may be partly priority and partly nonpriority if, for example, the claim is for more than the amount given priority by the law. Check the appropriate place to specify the type of priority claim.

6. **Credits:** By signing this proof of claim, you are stating under oath that in calculating the amount of your claim, you have given the debtor credit for all payments received from the debtor.

7. **Supporting Documents:** You must attach to this proof of claim form, copies of documents that show the debtor owes the debt claimed or, if the documents are too lengthy, a summary of those documents. If documents are not available, you must attach an explanation of why they are not available.

Be sure to date the claim and place original signature of claimant or person making claim for creditor where indicated at the bottom of the claim form. Please type or print name of individual under the signature. Be sure all items are answered on the claim form. If not applicable, insert "Not Applicable".

RETURN CLAIM FORM (WITH ATTACHMENTS, IF ANY) TO THE FOLLOWING CLAIMS AGENT FOR THE DEBTORS:

Claims Processing Agent
Re: W. R. Grace & Co. Bankruptcy
P.O. Box 1620
Faribault, MN 55021-1620

The Bar Date for filing all NON-ASBESTOS CLAIMS against the Debtors is March 31, 2003 at 4:00 p.m. Eastern Time.

ADDENDUM TO PROOF OF CLAIM

This proof of claim is filed by Royal Indemnity Company ("Royal") against each of the debtors who are a party to the jointly administered chapter 11 bankruptcy cases captioned as *In re W.R. Grace & Co., et al.*, Case No. 01-01139, including, without limitation, W.R. Grace & Co. and W.R. Grace & Co. – Conn. (collectively, "Debtors"), who are or may be obligated to Royal under the indemnification provisions set forth at Section IX of that certain Settlement Agreement between Royal and Debtors dated January 9, 1995, a copy of which is annexed hereto.

The amount of Royal's indemnification claim against Debtors is capped by Section IX of the Settlement Agreement to the sum of $6,000,000.00, and is currently unliquidated.

Royal reserves any and all rights to amend, modify, clarify and/or supplement this proof of claim.

Nothing contained herein shall be deemed or construed as a waiver of any of Royal's rights, claims or defenses against any non-debtor, third parties, nor shall anything contained herein be deemed or construed as an admission of liability by Royal for any claim or matter for which the Debtors' are required to indemnify Royal pursuant to the Settlement Agreement.

All notices concerning this claim should be sent to the following attorneys for Royal at the address listed below:

Carl J. Pernicone, Esq.
WILSON, ELSER, MOSKOWITZ,
EDELMAN & DICKER LLP
150 East 42nd Street
New York, NY 10017-5639
Tel: (212) 490-3000
Fax: (212) 490-3038

-and-

Mark G. Ledwin, Esq.
WILSON, ELSER, MOSKOWITZ,
EDELMAN & DICKER LLP
3 Gannett Drive
White Plains, NY 10604-3407
Tel: (914) 323-7000
Fax: (914) 323-7001

This proof of claim is timely filed pursuant to the Order of the Bankruptcy Court entered on or about March 23, 2004 (Docket No. 5331), a copy of which is attached hereto.

Dated: March 25, 2004

Docket # 5331

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	Case No. 01-01139 (JKF)
W.R. GRACE & CO., et al.,	)	Jointly Administered
	)	
Debtor.	)	Chapter 11
	)	

2/23/04 Agenda Item 8

ORDER GRANTING ROYAL INDEMNITY COMPANY'S
MOTION FOR LEAVE TO FILE A LATE PROOF OF CLAIM (D.I. 4667)

THIS matter coming before the Court on the Motion of Royal Indemnity Company ("Royal") pursuant to 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 9006(b)(1) for leave to file a late proof of claim (the "Motion") [D.I. 4667]; and the Court having reviewed the Motion and all other pleadings related thereto, including the responses and objections filed by the Debtors (D.I. 4749, 4901], the Official Committee of Asbestos Property Damage Claimants [D.I. 4757], claimants Carol Gerard, et al. [D.I. 4758] and the Official Committee of Asbestos Claimants [D.I. 4760], and Royal's replies thereto [D.I. 4788, 5031]; and the Court having conducted two hearings on the Motion on December 15, 2003 and February 23, 2004, respectively; and the Court being otherwise fully advised in the premises of the Motion and the objections thereto; and the Court having found that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) this is a core matter pursuant to 28 U.S.C. § 157(b), (iii) Notice of the Motion was sufficient under the circumstances, and (iv) good cause exists to grant the relief requested by the Motion for the reasons more fully set forth on the record of the hearings on the Motion; now, therefore

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED; and

2. Royal is hereby allowed thirty (30) days from the date of the entry of this Order to file a proof of claim with the Debtors' claims agent, Rust Consulting, Inc., which claim shall be deemed timely filed notwithstanding the Bar Date of March 31, 2003, previously set by this Court for Non-Asbestos Claims; and

3. The Debtors and any other parties in interest reserve all rights to object to the merits of any proof of claim filed by Royal pursuant to this Order.

Signed this 23 day of March, 2004.

Judith K. Fitzgerald
reb

HON. JUDITH K. FITZGERALD
UNITED STATES BANKRUPTCY JUDGE

618433 1

SETTLEMENT AGREEMENT

This Agreement ("Agreement") is made and entered into by and between W.R. GRACE & CO.-CONN. ("Grace") and ROYAL INDEMNITY COMPANY ("Royal").

RECITALS

WHEREAS, Royal issued certain comprehensive general liability insurance policies to the Zonolite Company ("Zonolite") covering ten consecutive one-year periods from March 31, 1953 through April 1, 1963; and

WHEREAS, Grace acquired Zonolite in 1963 and, in connection with certain products sold by Zonolite, Grace, as successor to Zonolite, has been, is and expects to be in the future, a defendant in numerous asbestos-related claims and lawsuits asserted by or on behalf of persons alleging (1) bodily injury, sickness, disease and/or death as a result of an exposure to asbestos or asbestos-containing materials, and (2) damages for injury or damage to buildings and property allegedly caused by asbestos or asbestos-containing materials, all such claims and lawsuits being hereafter referred to as "Asbestos-Related Claims"; and

WHEREAS, Royal is a party to an action pending in the United States District Court for the Southern District of New York entitled Maryland Casualty Company v. W.R. Grace & Co., No. 83 Civ. 7451 (the "New York Primary Action") in which Grace, Maryland Casualty Company ("Maryland") and Continental Casualty Company ("CNA") contend that they have certain rights under the insurance

polices issued by Royal relating to insurance coverage for Asbestos-Related Claims; and

WHEREAS, in connection with the New York Primary Action, pursuant to a Settlement Agreement dated May 2, 1994 (the "May 1994 Agreement"), Royal, Grace, Maryland and CNA agreed upon the existence and content of the "Primary Policies" (as hereinafter defined) but did not resolve the disputes and differences as to their respective rights and obligations under the Primary Policies relative to Asbestos-Related Claims; and

WHEREAS, Grace has demanded that Royal must defend and indemnify Grace under the Primary Policies with respect to past, pending and future Asbestos-Related Claims except for amounts previously paid on behalf of Grace or reimbursed to Grace by Other Insurers (as hereinafter defined);

WHEREAS, Royal disputes the existence and extent of any obligation to defend or indemnify Grace under the Primary Policies with respect to past, pending and future Asbestos-Related Claims;

WHEREAS, Grace and Royal have entered into this Agreement to resolve and compromise their disputes concerning coverage for Asbestos-Related Claims and Products Claims (as hereinafter defined) and to avoid the uncertainty and expense attendant to such disputes and the related litigation, but, in doing so, neither Grace nor Royal admit in any way the validity of any positions or arguments advanced by the other or by any third party.

NOW, THEREFORE, in consideration of the mutual covenants and subject to the terms and conditions herein contained, Grace and Royal hereby agree as follows:

I. DEFINITIONS:

As used in this Agreement, the following terms shall have the meanings set forth in this Article 1.

1.0 Aggregate Products Limits of Liability means Royal's total aggregate limits of liability for all bodily injury claims and property damage claims included within the term "Products Hazard" under the Primary Policies.

1.1 Primary Policies means the following comprehensive general liability insurance policies sold by Royal to Zonolite:

RLG27635 (3/31/53 - 3/31/54)
RLG31840 (3/31/54 - 4/1/55)
RLG035805 (4/1/55 - 4/1/56)
RLG045762 (4/1/56 - 4/1/57)
RLG045836 (4/1/57 - 4/1/58)
RLG053959 (4/1/58 - 4/1/59)
RLG021629 (4/1/59 - 4/1/60)
RLG021620 (4/1/60 - 4/1/61)
RLG021621 (4/1/61 - 4/1/62)
RLG021622 (4/1/62 - 4/1/63)

1.2 "Products Claims" shall mean any Asbestos-Related Claim and any other claim, demand, or lawsuit for bodily injury or property damage falling within the "Products Hazard" definition of the Primary Policies, regardless of the cause of action or theory of recovery or coverage employed by the person asserting such claims (including claims based upon a failure to warn) or the cause

of action or theory of coverage employed by Grace or any other Person with respect to such claims.

1.3 "Person" means any individual, administrator, executor or legal representative, corporation, partnership, association, trust, government unit at any level of government, agency, or other entity. Whenever the context so requires, the singular use of the term Person shall include the plural and vice versa.

1.4 "Defense Expenses" shall mean all reasonable and necessary counsel fees which have been or will be incurred by Grace to defend Products Claims, and other reasonable and necessary expenses (such as court costs, witness fees, transcript costs, and expert fees) which have been or will be incurred by Grace and are directly attributable to the defense of Products Claims. Defense Expenses shall not include any fees or expenses incurred by Grace in connection with its efforts to document or establish insurance coverage (through litigation or otherwise), to investigate insurance issues or negotiate this Agreement or any other Agreement or arrangement with any Other Insurer, nor shall Defense Expenses include any sums within the definition of Loss.

1.5 "Loss" shall mean all sums Grace has paid or will pay in the future in settlement of Products Claims, or in satisfaction of judgments entered with respect to such Claims, including, without limitation, any interest Grace may be required to pay thereon. For purposes of this Agreement only, Loss shall not include any sums within the definition of Defense Expenses.

1.6 "Other Claims" means any actual, potential or threatened claim of which Grace has knowledge or otherwise has been put on notice which involves, or is alleged to involve, Zonolite or a Zonolite product, but "Other Claims" does not include Asbestos-Related Claims, Products Claims or claims falling within the Aggregate Products Limits of Liability.

1.7 "Other Insureds" shall mean any person who has claimed, is claiming and/or claims in the future to be insured or covered under the Primary Policies, and any Person identified in any of the Primary Policies as a named insured, additional named insured or additional insured, including any former or current directors, officers or employees of any such insured.

1.8 "Other Insurer" shall mean any insurer other than Royal which at any time issues or issued (or is at any time alleged to have issued) an insurance policy of any kind whatsoever to Grace, Zonolite, any Zonolite subsidiary or any licensee of Zonolite or its subsidiaries or any Other Insureds.

II. SETTLEMENT PAYMENT:

2.0 Royal agrees to pay Grace the sum of [redacted] in full satisfaction of Royal's alleged obligation to indemnify Grace, Zonolite, and any Other Insureds for Loss arising out of Products Claims under the Primary Policies and in full satisfaction of Royal's alleged obligation to defend Grace, Zonolite or any Other Insureds or to pay Defense Expenses arising out of Products Claims

under the Primary Policies. Such payment shall be made within three (3) days of the Effective Date by means of a wire transfer to the account of Grace at Chemical Bank - New York (ABA #021-000-128; Account Name - W.R. Grace & Co.; Account # 016-001257) or to such other account as may be specified by Grace in a written notice to Royal in accordance with Section XX.

III. CANCELLATION OF COVERAGE

3.0 Grace hereby agrees to the cancellation of all insurance coverage for Products Claims under the Primary Policies, effective as of the Effective Date, in exchange for a payment by Royal to Grace in the amount of [redacted] as provided in Section 2.0. The cancellation of insurance coverage for Product Claims under the Primary Policies shall not affect the rights and obligations of Grace and Royal under the Primary Policies with respect to insurance coverage for claims that are not Product Claims.

3.1 If Royal fails to make all or any portion of the payment to Grace provided for in Section 2.0 on or before the due date thereof, Royal shall pay interest to Grace on the unpaid amount thereof for the period commencing on the date such amount was due and ending on the actual date of payment at a rate of interest equal to five percentage points over the rate of interest announced from time to time by the main office of Citibank N.A. in New York, NY as its "prime rate".

IV. SPECIFIC RELEASE BY GRACE

4.0 Except for the obligations set forth in this Agreement, Grace hereby releases and forever discharges Royal of and from any and all actions, causes of action in law or in equity, suits, debts, liens, contracts, indemnity and defense obligations, agreements, promises, liabilities, claims, demands, losses, costs or expenses of any kind or nature, known or unknown, fixed or contingent, direct or indirect, which Grace now has or may have against Royal in any way relating to the New York Primary Action and/or payment or handling of Asbestos-Related Claims and other Product Claims under the Primary Policies, including, but not limited to, any alleged or potential claim for breach of the covenant of good faith and fair dealing, unfair claims practices or punitive damages.

4.1 Grace hereby withdraws all requests, demands and tenders for indemnity, Loss, Defense Expenses, reimbursement costs of any nature, payments, benefits or obligations heretofore submitted to Royal for Products Claims under the Primary Policies and does hereby covenant and agree to forever relinquish and abandon any and all rights, whether actual or alleged, known or unknown, accrued or unaccrued, for any coverage of Products Claims under the Primary Policies. It is the express intent of the Parties that this Agreement shall operate to release and forever discharge Royal to the fullest extent possible under law from any and all obligations (past, present, existing or future, actual or alleged, known or unknown, accrued or unaccrued) to Grace, Zonolite, Other Insureds

on whose behalf Grace is authorized to act and any Person (except for any Other Insurer) making a claim by, through or derived from Grace, for Products Claims under the Primary Policies.

4.2 Nothing in this Agreement shall release or impair any claim Maryland or General Insurance Company of America may have for the recovery of Defense Expenses those insurers paid or incurred to or on behalf of Grace.

V. SPECIFIC RELEASE BY ROYAL

5.0 Except as to the obligations set forth in this Agreement, Royal hereby releases and forever discharges Grace of and from any and all actions, causes of action in law or in equity, suits, debts, liens, contracts, indemnity and defense obligations, agreements, promises, liabilities, claims, demands, losses, costs or expenses of any kind or nature, known or unknown, fixed or contingent, direct or indirect, which Royal now has or may have against Grace in any way relating to the New York Primary Action or otherwise relating to claims by Grace under the Primary Policies for coverage with respect to Asbestos-Related Claims or other Products Claims.

VI. RIGHT OF RECOVERY AGAINST OTHER INSURERS

6.0 Royal shall not have the right to seek recovery from any Other Insurer (as defined herein) for the settlement payment made by Royal to Grace under Section 2.0.

VII. EXHAUSTION

7.0 Grace acknowledges that the payment made by Royal under Section 2.0 of this Agreement represents and shall be conclusively deemed for all purposes to be a full and final payment and complete exhaustion of the Aggregate Products Limits of Liability under the Primary Policies.

VIII. COMPLETE FULFILLMENT OF OBLIGATIONS

8.0 Grace further acknowledges that this Agreement represents the fulfillment of Royal's entire obligation to Grace for Products Claims under the Primary Policies.

IX. INDEMNIFICATION BY GRACE

9.0 In the event that any Other Insured or any Person (except any Other Insurer including, without limitation, Maryland, CNA and General Insurance Company of America) makes Products Claims under the Primary Policies (including without limitation claims pursuant to a direct-action statute, garnishment proceeding, third-party suit, or otherwise) against Royal, Grace will indemnify and hold harmless Royal from any and all liability imposed upon, or costs or expenses incurred by, Royal in connection with such claims, provided, however, that if such claimant is not an Other Insured, such total aggregate indemnification for any liability imposed for all such claims will be limited to $6,000,000.

9.1 In the event a claim is made against Royal for which Royal is to be indemnified for liability, costs and expenses as provided in paragraph 9.0 above, Royal shall give written notice of such claim to Grace as soon as is practical. Grace at its own expense shall assume the defense of Royal for such claims, including the hiring of counsel for such defense. In the event Grace fails or refuses to retain counsel within a reasonable time to defend Royal, Royal may retain counsel and Grace will be required to pay promptly all reasonable attorneys' fees and other costs and expenses incurred in connection with Royal's defense.

9.2 In the event a claim is made against Royal for which Royal is to be indemnified for costs and expenses only, as provided in paragraph 9.0 above, Royal shall give written notice of such claim to Grace as soon as practical. Royal may retain counsel for such claims and Grace will be required to pay promptly all reasonable attorneys fees and other costs and expenses incurred in connection with Royal's defense.

X. NO ADMISSION; RESERVATION OF RIGHTS

10.0 This Agreement is the product of informed negotiations between the parties assisted by counsel and involves compromises of previously stated legal positions. This Agreement does not necessarily reflect the view of either of the parties as to its rights and obligations with regard to matters outside of this Agreement. For all other purposes and in all other matters, each

party reserves all previously held positions and all other rights and privileges.

10.1 All actions taken and statements made by the parties hereto or their representatives relating to their participation in this Agreement, including its development and implementation, are taken and made in the context of privileged settlement negotiations, shall be without prejudice or value as precedent and shall not be taken as the standard by which other matters may be judged or against which other matters may be compared. This Agreement is the product of arm's length negotiations. It is the compromise of disputed claims, and it is not intended to be, nor shall it be construed as, an admission of coverage or as a policy interpretation. Neither this Agreement nor any statement made by a party in negotiating this Agreement shall be used in court, or formal or informal dispute resolution proceedings, or otherwise, to create or interpret any obligation by a party under the Primary Policies or any other insurance policy. Royal does not admit coverage by entering into this Agreement and enters into it for business reasons and in the spirit of compromise.

10.2 Royal and Grace request all courts to take notice of the underlying purpose of this Agreement as described in Section 10.1, and to accord the parties and their representatives full privilege and protection with respect to the disclosure of their actions, statements, documents, papers and other materials relating to this Agreement, including its development and implementation.

XI. NO THIRD PARTY RIGHTS; NO ASSIGNMENT

11.0 No persons other than Grace and Royal shall have any rights under this Agreement. No party may assign this Agreement nor any of its rights, benefits or obligations hereunder without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld.

XII. ENTIRE AGREEMENT

12.0 This Agreement between Grace and Royal together with the May 2, 1994 Agreement constitute the entire agreement among Grace and Royal relating to coverage for Product Claims under the Primary Policies. All antecedent or contemporaneous extrinsic representations, warranties or collateral provisions concerning the negotiation and preparation of this Agreement are intended to be discharged and nullified.

XIII. INTERPRETATION OF AGREEMENT

13.0 This Agreement is not a contract of insurance and the parties agree that it shall not be interpreted according to the rules of construction applicable to insurance contracts. In particular, with respect to interpretation of this Agreement, each of the parties has been represented by counsel and no part of this Agreement shall be construed against any party on the basis of the

party's identity as an insurance company or as drafter of any part of this Agreement.

XIV. REPRESENTATIONS AND WARRANTIES

14.0 Grace hereby represents and warrants to Royal as follows:

(a) Grace is a corporation, duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation with full corporate power and authority to enter into this Agreement and perform its obligations hereunder.

(b) The execution and delivery of this Agreement by Grace and the performance by Grace of its obligations hereunder have been duly authorized by all necessary corporate action on the part of Grace.

(c) This Agreement has been duly executed and validly delivered by Grace and constitutes a valid and binding obligation of Grace enforceable against Grace in accordance with its terms.

(d) The execution and delivery of this Agreement by Grace and the performance by Grace of its obligations hereunder will not violate any provision of its charter or by-laws or any consent or order of any governmental authority by which it may be bound.

(e) Grace hereby represents and warrants that it has no knowledge of Other Claims which have been tendered, filed, asserted, are pending, or have been threatened against Grace, Zonolite or any Other Insured which would implicate any of the Primary Policies. Nothing in this Settlement Agreement shall preclude Grace from submitting any Other Claims to Royal for payment under the Primary Policies and nothing in this Settlement Agreement shall limit or preclude any defenses which Royal might otherwise have to such Other Claims.

14.1 Royal hereby represents and warrants to Grace as follows:

(a) Royal is a corporation, duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation with full corporate power and authority to enter into this Agreement and perform its obligations hereunder.

(b) The execution and delivery of this Agreement by Royal and the performance by Royal of its obligations hereunder have been duly authorized by all necessary corporate action on the part of Royal.

(c) This Agreement has been duly executed and validly delivered by Royal and constitutes a valid and binding obligation of Royal, enforceable against Royal in accordance with its terms.

(d) The execution and delivery of this Agreement by Royal and the performance by Royal of its obligations hereunder will not violate any provision of the charter or by-laws of Royal or any consent or order of any governmental authority by which Royal may be bound.

14.2 Each party agrees as to its own breach of any warranty expressly stated in this Agreement to indemnify and hold harmless the other party.

XV. DISMISSALS

15.0 Within fifteen days following receipt by Grace of the settlement payment provided for in Section 2.0, Grace shall deliver to Royal an executed Dismissal with Prejudice of all claims brought by Grace against Royal in the New York Primary Action. Royal will file and serve said Dismissal with Prejudice. Said Dismissal with Prejudice shall indicate that each party will bear its own attorneys' fees and costs in connection with the New York Primary Action.

15.1 Within fifteen days following receipt by Grace of the settlement payment provided for in Section 2.0, Royal shall deliver to Grace an executed Dismissal with Prejudice of all claims brought by Royal against Grace in the New York Primary Action. Grace will file and serve said Dismissal with Prejudice. Said Dismissal with Prejudice shall indicate that each party will bear its own

attorneys' fees and costs in connection with the New York Primary Action.

XVI. COOPERATION

16.0 In the event any proceedings are commenced to invalidate all or any part of this Agreement, the Parties do mutually agree to cooperate fully in the opposition to such proceedings. The Parties further agree to cooperate fully, if necessary, to prove exhaustion of the Aggregate Products Limits of Liability of the Primary Policies. In the event that, as a result of such proceedings, all or any part of this Agreement is invalidated and a claim is made against the Parties to this Agreement, all defenses ever available to the Parties under the Primary Policies are neither waived nor impaired, but are fully preserved.

16.1 Grace agrees that it will not take a position in the New York Action, or in any other litigation involving Asbestos-Related Claims under the Primary Policies, with respect to (a) whether Royal had an obligation to defend or indemnify Grace, Zonolite or any Other Insured for Asbestos-Related Claims, and (b) whether Royal has any obligation to CNA, Maryland or General Insurance Company of America or any Other Insurers for contribution, indemnity or subrogation by reason of the Primary Policies. Nothing herein shall prohibit Grace, or its employees or agents, from responding fully and truthfully to properly served and noticed discovery or from giving full and truthful testimony pursuant to

proper service of a subpoena before a court or tribunal or by court order or direction.

16.2 Grace acknowledges that Royal may require information concerning Asbestos-Related Claims and other Product Claims for purposes of establishing its rights against its reinsurers. Grace shall cooperate reasonably with Royal for such purposes by providing, when requested by Royal, non-privileged information about the progress of the litigation of such claims and access to non-privileged documentation with respect thereto.

XVII. EFFECTIVE DATE

17.0 This Agreement shall become effective as to each party from and after the date (the "Effective Date") the last party shall have executed this Agreement.

XVIII. PUBLIC DISCLOSURE AND CONFIDENTIALITY

18.0 Each party may make public disclosure of the existence of this Agreement by means of a press release or otherwise. Such disclosure may describe this Agreement in general terms including the amount of the settlement payment, but any such disclosure by Grace shall omit the identity of Royal. Royal and Grace shall hold the detailed terms of this Agreement in confidence and shall not reveal any of the same to any person or entity whatsoever except that either party may disclose the terms of this Agreement in

accordance with the following provisions if it deems such disclosure necessary or advisable:

(a) The terms of this Agreement may be disclosed by a party with the consent of the other party hereto.

(b) The terms of this Agreement may be disclosed to the extent required in connection with any disputes, claims or actions between Royal and Grace concerning their respective rights and obligations under this Agreement or in any action to enforce the terms of this Agreement.

(c) The terms of this Agreement may be disclosed to the extent required by court order issued by a judge or magistrate.

(d) The terms of this Agreement may be disclosed by Royal to its reinsurers, including said reinsurers' attorneys, employees, auditors, agents and retrocessionaires, and any persons, arbitrators and judges, federal or state, which may be involved in the reinsurance collection process or issues relating to the collection of reinsurance, subject to appropriate assurances of confidentiality.

(e) The terms of this Agreement may be disclosed by Grace to the extent necessary to obtain insurance coverage from an entity other than Royal, subject to appropriate assurances of confidentiality.

(f) The parties may make copies of this Agreement available to their respective accountants, counsel, lenders or underwriters, and to counsel for such lenders or underwriters, subject to appropriate assurances of confidentiality.

(g) The parties to this Agreement may make reference to or describe this Agreement in its filings with the Securities and Exchange Commission and to the extent that such disclosure is required to comply with any other government, regulatory or accounting/auditing requirement applicable to such party, but shall not make available a copy of this Agreement nor identify the other party to this Agreement unless compelled to do so by a court or governmental agency or similar regulatory body.

(h) Each party may make copies of this Agreement available to its key officers, directors and employees and to the key officers, directors and employees of its affiliates.

(i) The parties may make copies of this Agreement available to their respective attorneys, auditors and consultants, subject to appropriate assurances of confidentiality.

(j) Each party may make copies of this Agreement available to any federal or state authorities or

other entities to which it may have an obligation to report or disclose.

The parties shall cooperate and take such steps as are advisable or necessary to protect the confidentiality of the terms of this Agreement. Each party shall notify the other promptly after a request for disclosure not covered by the above-recited exceptions has been made, so that protective action may be taken.

XIX. NO FURTHER TENDER OF ASBESTOS-RELATED CLAIMS OR PRODUCTS CLAIMS

19.0 Grace agrees that no further Asbestos-Related Claims or Products Claims will be presented or tendered by Grace to Royal under the Primary Policies for any reason or purpose regardless of the theory of coverage.

XX. NOTICE

20.0 All notices, bills, demands, payments or other communications which either party desires or is required to give, shall be given in writing and shall be deemed to have been given if hand delivered, sent by Certified U.S. Mail or by courier service, addressed to the other party at the address set forth below or such other address as such other party may designate in writing from time to time by notice in accordance with this Section:

If to Grace:

W.R. Grace & Co.
One Town Center Road
Boca Raton, Florida 33486-1010
Attn: Secretary

If to Royal:

Royal Insurance
9300 Arrowpoint Boulevard
Charlotte, North Carolina 28270
Attention: Vice President Liability Claims

XXI. AMENDMENTS; WAIVER

21.0 This Agreement may be amended, modified, superseded or cancelled, and any of the terms hereof may be waived, only by a written instrument which specifically states that it amends, modifies, supersedes or cancels this Agreement, executed by each of the parties or, in the case of a waiver, by or on behalf of the party waiving compliance. The failure of any party at any time or times to require performance of any provision of this Agreement shall in no manner affect the right at a later time to enforce the same. No waiver by any party of any condition, or of any breach of any term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach, or a waiver of any other condition or of any breach of any other term, covenant or warranty.

XXII. CAPTIONS

22.0 The captions contained in this Agreement are for convenient reference only and shall not in any way affect the meaning or interpretation of this Agreement.

XXIII. COUNTERPARTS

23.0 This Agreement may be executed in two or more counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement has been read and signed by the duly authorized officers of the parties, effective as of the Effective Date.

W.R. GRACE & CO-CONN.

By _____
Title Vice President
Date 1/5/95

ROYAL INDEMNITY COMPANY

By _____
Title VICE PRES.
Date 1/5/95